

16 August 1949

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TO: Director of Central Intelligence

1. I approve the basic proposals of this memorandum, and it has been prepared at my direction. I personally favor plan No. 1.

2. The following statements appear to be axiomatic:

(a) "Good" operations are dependent to a great degree on "good" services, administration and management, extending in a line from the top through the bottom echelon of administration; and serving with equal efficiency all echelons of "operations". The term "operations" is meant to include the work of an ORE Estimates Group, the OSI producing units, etc., as well as the true operations of [REDACTED]

(b) The basic problems of (1) standards of personal performance, (2) efficiency of operations, and (3) economy of operations, are common to all components of CIA, and are quite similar in all components.

(c) A working staff at Agency level is necessary to examine these problems and propose the solutions.

(d) The solutions to the problems of (b) depend to a serious extent on:

(1) Selection of personnel; establishment of proper performance standards; proper system of promotions based on performance.

(2) The examination, direction, and overall supervision of the ends desired to be gained through operations; and of the operations themselves (in a broad sense).

(3) The supervision of the expenditure of funds through allocations made in accordance with the value of the end results expected from various operations. The allocations must be supervised by the directing authority — the Director of Central Intelligence.

(4) The coordination of the efforts of all components, intra-office and inter-office.

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(e) I conceive CIA to be an entity. With a few exceptions, most of the activities of this Agency are - or should be - bound together by mutual support responsibilities. The closer we approach being a true entity, the better the Agency as a whole will fulfill its function of being in turn a part of a larger entity - the national intelligence effort. But this CIA entity is made up of people; it cannot remain an entity unless every individual feels that he personally, and his own work, and the duties of the unit of which he is a part, receive impartial and well weighed consideration, treatment and support. It is impossible to accord such consideration and treatment, and assure such mutual support unless there is at the top staff level, supervision and examination of overall mutual support, personnel standards and career management, budget, and operational standards and procedures.

(f) The concept of a top executive (with responsibility and authority) supervising, supporting and coordinating operations, within the structure of established policies, is basic to industry; and is the central motif of the Hoover Commission's recommendations. In my opinion, it is completely necessary to this Agency.

3. The proposed reorganization will:


(a) Strengthen the Director's control of substantive operations, support measures, and coordination.

(b) Provide machinery, at the Agency level, for constant examination, evaluation, and supervision of aims, methods, and standards of performance throughout the Agency.

(c) Greatly strengthen the Assistant Directors' control of their own offices by furnishing them strong overall policies within which to work - policies which they themselves have helped to form.

(d) Provide machinery for ascertaining and correcting the faults in the mutual support structure within and without the Agency.

(e) Provide at one stroke the means for insuring that the Agency can be welded into an entity, able to function (from day to day and in emergency) as a single, flexible instrument immediately responsive to the demands which the Director may put upon it.

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